

FIRST LEASE MODIFICATION AND EXTENSION AGREEMENT

THIS FIRST LEASE MODIFICATION AND EXTENSION AGREEMENT (the "Agreement"), entered into as of the 16th day of April, 2009, by and between VNO ROCKVILLE, LLC, a Delaware limited liability company, whose address is 210 Route 4 East, Paramus, New Jersey 07652 ("Landlord") and MONTGOMERY COUNTY, MARYLAND, a body corporate and politic and a political subdivision of the State of Maryland, whose address is Montgomery County, Maryland, Department of General Services, Office of Real Estate, 101 Monroe Street, 10th Floor, Rockville, Maryland 20850, Attn: Director of Real Estate ("Tenant").

W I T N E S S E T H:

WHEREAS, Pavilion Partners, Inc. and Tenant heretofore entered into a lease and addendum, dated the same day of April 15, 2003 (collectively the "Lease"), covering certain premises consisting of 6,246 square feet of floor area, Space no. 202 (the "Leased Premises"), located in Rockville, Maryland as more particularly described in the Lease; and

WHEREAS, all of the right, title and interest of Pavilion Partners, Inc., as Landlord under the Lease, was heretofore acquired by VNO Rockville, LLC; and

WHEREAS, Landlord and Tenant desire to extend the Term of the Lease and to modify the Lease, as hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. All capitalized terms used in this Agreement to the extent not otherwise expressly defined herein, shall have the same meanings ascribed to them in the Lease.
2. The Term of the Lease is hereby extended by five (5) years commencing on October 1, 2008 and expiring on September 30, 2013 ("Extended Term").
3. During the Extended Term, Tenant shall pay Minimum Rent to Landlord in (i) the sum of One Hundred Seventy Eight Thousand Eleven Dollars and 00/100 Cents (\$178,011.00) per annum (\$14,834.25/month) during the first (1st) year of

the Extended Term; (ii) the sum of One Hundred Eighty Four Thousand Two Hundred Fifty Seven Dollars and 00/100 Cents (\$184,257.00) per annum (\$15,354.75/month) during the second (2nd) year of the Extended Term; (iii) the sum of One Hundred Ninety Thousand Six Hundred Ninety Dollars and 38/100 Cents (\$190,690.38) per annum (\$15,890.87/month) during the third (3rd) year of the Extended Term; (iv) the sum of One Hundred Ninety Seven Thousand Three Hundred Seventy Three Dollars and 60/100 Cents (\$197,373.60) per annum (\$16,447.80/month) during the fourth (4th) year of the Extended Term; and (v) the sum of Two Hundred Four Thousand Three Hundred Six Dollars and 66/100 Cents (\$204,306.66) per annum (\$17,025.56/month) for the fifth (5th) year of the Extended Term.

4. Notwithstanding anything to the contrary contained in the Lease, in the event that the actual floor area (computed to the outside faces of exterior walls and the center line of party walls) of the Leased Premises, as determined by Landlord's Architect, is greater or less than 6,246 square feet, the Minimum Rent per annum shall be increased or decreased to reflect the actual floor area of the Leased Premises based upon the rate of (i) Twenty Eight Dollars and 50/100 Cents (\$28.50) per square foot for the first (1st) year of the Extended Term; (ii) Twenty Nine Dollars and 50/100 Cents (\$29.50) per square foot during the second (2nd) year of the Extended Term; (iii) Thirty Dollars and 53/100 Cents (\$30.53) per square foot during the third (3rd) year of the Extended Term; (iv) Thirty One Dollars and 60/100 Cents (\$31.60) per square foot during the fourth (4th) year of the Extended Term; and (v) Thirty Two Dollars and 71/100 Cents (\$32.71) per square foot during the fifth (5th) year of the Extended Term."

5. Tenant hereby waives any previously agreed to rights, if any, to an additional extension of the Term in connection with the Lease.

6. During the Extended Term, all other Rent, charges, rates and sums payable by Tenant shall be payable in the same manner as provided in the Lease.

7. Landlord has appointed Vornado Realty Trust ("Vornado"), whose address is 210 Route 4 East, Paramus, New Jersey 07652, as its authorized signatory to execute this Agreement. Tenant acknowledges that Vornado will not be acting in a personal capacity, but rather in a representative capacity as the authorized signatory for

Landlord. Tenant agrees that it shall look only to Landlord for the performance of Landlord's obligations under the Lease as modified by this Agreement and for the satisfaction of any right of Tenant for the collection of any claim, judgment or other judicial determination (whether at law or in equity) or arbitration award requiring the payment of money, and Vornado shall not be subject to any claim, judgment, levy, lien, execution, attachment or other enforcement procedure (whether at law or in equity) for the satisfaction of Tenant's rights and remedies under or with respect to the Lease as modified by this Agreement, or Tenant's use and occupancy of the Leased Premises or any liability or obligation of Landlord to Tenant, except to the extent that Vornado as Landlord's "authorized signatory" breaches any duty or contractual obligation owed to the County. As stated in the Certificate of Officer of Alan J. Rice, Secretary Vornado Realty Trust, dated August 12, 2008, VNO Rockville, LLC is a subsidiary of Vornado Realty Trust as evidenced in Exhibit 21 of the Annual Report of Vornado Realty Trust for 2008 (Form 10-K) filed with the United States Securities and Exchange Commission, previously supplied to Tenant all of which are incorporated herein as Exhibit A.

8. Landlord and Tenant represent that there was no broker instrumental in consummating this Agreement, and that no conversations or prior negotiations were had with any broker concerning the Extended Term. Landlord and Tenant agree to hold each other harmless from and against any claims for brokerage commission or compensation arising out of any conversations or negotiations had by them with any broker with respect to the Extended Term.

9. Except as amended by this Agreement, the terms, covenants and conditions of the Lease shall continue in full force and effect and is hereby ratified in its entirety. In the event of a conflict between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall govern the rights and obligations of the parties.

10. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to the extent as allowed in the Lease, their respective successors, assigns and legal representatives.

11. This Agreement shall be construed in accordance with the laws of the State in which the Leased Premises is situated.

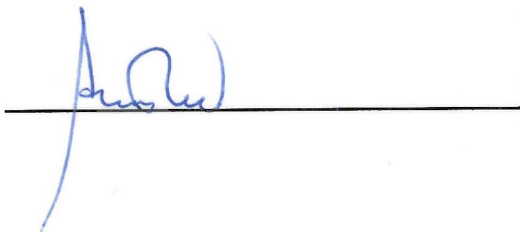
12. The submission by Landlord to Tenant of this Agreement shall have no force or effect, shall not constitute an offer for the leasing of the Leased Premises, nor confer any rights or impose any obligation upon either party unless and until: (i) all outstanding amounts then due under the Lease are paid to Landlord; (ii) execution thereof by Landlord; and (iii) the unconditional delivery of a fully executed original thereof to Landlord and Tenant or their representatives.


13. The Lease is hereby modified to provide that notices to Landlord and Tenant shall be sent to the parties at their respective addresses as set forth above, with a copy, that does not constitute notice to: Montgomery County, Maryland, Office of the County Attorney, 101 Monroe Street, 3rd Floor, Attn: County Attorney.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ATTEST:

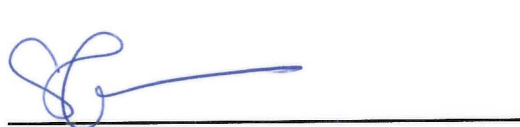
LANDLORD: VNO Rockville, LLC
By: Vornado Realty Trust, its Authorized Signatory



By: 
Name: Sandeep Mathrani
Title: Executive Vice President

ATTEST:

TENANT: Montgomery County, Maryland



By: 
Name: Diane Schwartz Jones
Title: Assistant Chief Administrative Officer

Approved as to Form and Legality
Office of the County Attorney

Recommended


Assistant County Attorney


Cynthia Brenneman, Director
Office of Real Estate

EXHIBIT A

VORNADO REALTY TRUST

CERTIFICATE OF OFFICER

I, Alan J. Rice, in my capacity as Secretary of Vornado Realty Trust, a Maryland real estate investment trust (the "Company"), hereby certify as follows:

1. Attached as Appendix 1 hereto is a true and complete copy of resolutions adopted at a meeting of the Board of Trustees of the Company on May 15, 2008 and such resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect.

2. Each of the persons described on Exhibit A to Appendix 1 as an officer of the Company or one of its subsidiaries is a duly elected, qualified and acting officer of the Company (or such subsidiary or subsidiaries, as applicable) holding the offices set forth opposite his or her name on such exhibit.

3. The Company is the sole general partner of the Vornado Realty L.P., a Delaware limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand as of August 12, 2008.

A handwritten signature in cursive script, appearing to read "Alan J. Rice".

Alan J. Rice
Secretary

Appendix 1

RESOLVED, that each of the persons set forth on Exhibit A and described as officers of the Company or of subsidiaries of the Company, be and hereby are elected and appointed to serve as an officer of the Company and/or such subsidiary in such capacity as is described on Exhibit A with such powers and authorities as generally pertain to such officers under applicable law or otherwise under customary practice and to serve in accordance with the by-laws of the Company until the earlier of his or her resignation or removal in accordance with the by-laws of the Company or otherwise at the direction of an officer of the Company more senior to such officer (the authority for which is hereby granted);

RESOLVED, that each of the Company, each officer thereof and Vornado Realty L.P. is designated as an "Authorized Signatory" for all purposes for each of the subsidiaries of the Company that currently or may exist from time to time (including, without limitation, those subsidiaries indicated as such on an exhibit to the Company's Annual Report on Form 10-K) and each action previously taken by the Company, Vornado Realty L.P. or any such officer in such capacity is hereby ratified and approved.

RESOLVED, that, (a) the Chief Executive Officer, (b) the President, (c) the Executive Vice President—Finance and Administration of the Company, (d) the Senior Vice President, Corporation Counsel and Secretary and (e) any person designated by, or with the consent of, the Chief Executive Officer (each an "Authorized Officer") be, and each of them hereby is, authorized, empowered and directed in connection with the conduct of the Company's business and purposes (i) to do all such acts and things pertaining thereto, including, without limitation, the opening and maintenance of bank accounts, (ii) to execute, deliver, enter into and file, on behalf of and in the name of the Company, agreements, contracts, guarantees, indemnities, commitments, certificates, instruments and other documents (collectively "Documents"), (iii) to make changes to any of the foregoing, and (iv) to pay fees and expenses, in each case as may be necessary or desirable in order to carry out and comply with the terms and provisions of this resolution or Documents entered into or executed pursuant to this resolution, as any Authorized Officer may, in his or her sole discretion, determine to be necessary, advisable or desirable, in order to carry out and effectuate the business and purposes of the Company, such determination to be evidenced conclusively by the execution and delivery of such Documents by or under the direction of such Authorized Officer, and that all of the acts and doings of any of the Authorized Officers, whether heretofore or hereafter taken, done or performed in furtherance of the above resolutions are hereby ratified, approved, confirmed, and authorized.

| <u>Name of Subsidiary</u> | <u>State of Organization</u> |
|------------------------------------|------------------------------|
| VNO Paterson Plank Road, L.L.C. | Delaware |
| VNO Patson 340 Pine, L.L.C. | Delaware |
| VNO Patson Cannery GP L.L.C. | Delaware |
| VNO Patson Cannery L.P. | Delaware |
| VNO Patson Geary, L.P. | Delaware |
| VNO Patson GP, L.L.C. | Delaware |
| VNO Patson Mt. Diablo A L.P. | Delaware |
| VNO Patson Sacramento, L.P. | Delaware |
| VNO Patson Walnut Creek, L.P. | Delaware |
| VNO Patson, L.L.C. | Delaware |
| VNO Pentagon City, L.L.C. | Delaware |
| VNO Pune Township, L.L.C. | Delaware |
| VNO Rockville, L.L.C. | Delaware |
| VNO RTR AP L.L.C. | Delaware |
| VNO RTR WA L.L.C. | Delaware |
| VNO Shoppes on Dean, L.L.C. | Delaware |
| VNO Shops on Lake L.L.C. | Delaware |
| VNO SMOH, L.L.C. | Delaware |
| VNO South Capital L.L.C. | Delaware |
| VNO Surplus 2006 L.L.C. | Delaware |
| VNO T-Hotel Loan L.L.C. | Delaware |
| VNO TRU 20th Street L.L.C. | Delaware |
| VNO TRU 20th Street South L.L.C. | Delaware |
| VNO TRU 25 1/2 Road L.L.C. | Delaware |
| VNO TRU Alewife Brook Pkwy. L.L.C. | Delaware |
| VNO TRU Allstate Road L.L.C. | Delaware |
| VNO TRU Baltimore Park L.P. | Delaware |
| VNO TRU Beckley Road L.L.C. | Delaware |
| VNO TRU Bellis Fair Pkwy. L.L.C. | Delaware |
| VNO TRU Birch Street L.P. | Delaware |
| VNO TRU CA L.L.C. | Delaware |
| VNO TRU Callahan Drive L.P. | Delaware |
| VNO TRU Cherry Avenue L.P. | Delaware |
| VNO TRU Coral Way L.L.C. | Delaware |
| VNO TRU Dale Mabry L.L.C. | Delaware |
| VNO TRU Eastman Avenue L.L.C. | Delaware |
| VNO TRU Erie Blvd. L.L.C. | Delaware |
| VNO TRU Frederica Street L.L.C. | Delaware |
| VNO TRU Geary Street L.P. | Delaware |
| VNO TRU Georgia Avenue L.L.C. | Delaware |
| VNO TRU Hickory Hollow L.P. | Delaware |
| VNO TRU Hilltop Drive L.P. | Delaware |
| VNO TRU Jericho Turnpike L.L.C. | Delaware |
| VNO TRU Kennedy Road L.L.C. | Delaware |
| VNO TRU Lafayette Street L.L.C. | Delaware |
| VNO TRU Leesburg Pike L.L.C. | Delaware |
| VNO TRU Mall Drive L.P. | Delaware |
| VNO TRU MICH L.P. | Delaware |
| VNO TRU Military Road L.P. | Delaware |
| VNO TRU Navarro L.P. | Delaware |
| VNO TRU Olive Avenue L.P. | Delaware |
| VNO TRU PA L.L.C. | Delaware |